

10 reasons to invest in France

May 2013

Europe-Utah Days 2013 – Salt Lake City, UT

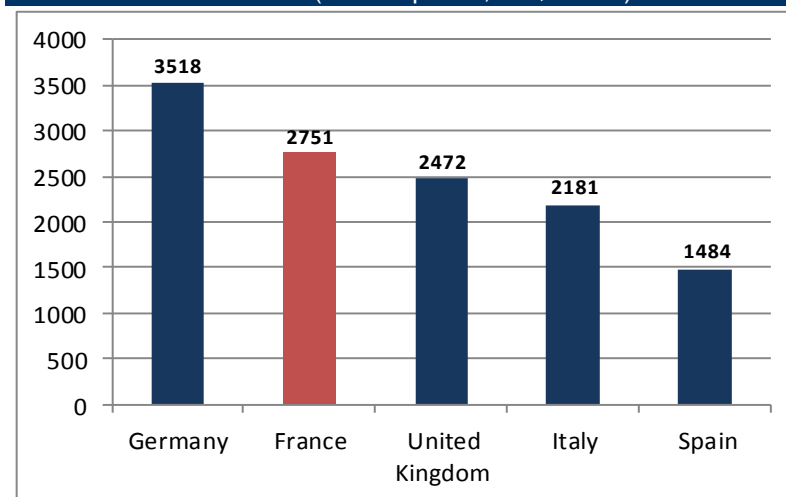
1. France : a global economic power

- ❖ **2nd** largest economic power in the European Union with 64.7 million inhabitants. Source: IMF, 2013
- ❖ The world's **6th** largest exporter of goods and **5th** largest exporter of services. Source: WTO, 2012
- ❖ **32** French companies among the world's leading 500
 - Germany: 32, United Kingdom: 26 (Fortune Global 500, 2012)

A diversified and advanced industrial base:

- Pharmaceutical industry: 2nd largest in Europe and 3rd largest in the world Source: LEEM (Association of French Pharmaceutical Companies), 2012
- Aerospace industry: Largest in Europe Source: GIFAS, 2012
- Chemicals industry: 2nd largest in Europe Source: SESSI, 2012
- Agri-food industry: 3rd largest in Europe and 4th largest in the world Source: French Agriculture Ministry, 2010
- IT sector: 3rd largest in Europe Source: EITO (European IT Observatory), 2010
- Nuclear industry: Largest in Europe Source: CEA, 2009

Top 5 economic powers in the European Union
GDP 2011 (current prices, US\$ billion)



Source: IMF, "World Economic Outlook" database estimates, April 2011

2. France : a country open to inward investment

- ❖ The **2nd** leading recipient of FDI inflows in the EU: **US\$59** billion of inflows in 2012
Source: CNUCED, 2013
- ❖ The **3rd** leading recipient in Europe for the number of job-creating foreign investments and the leading recipient of projects in industry / manufacturing. Source: Ernst & Young, 2012

Key figures:

13

the number of foreign companies who decide to invest in France every week, on average

39

the number of source countries of foreign companies doing business in France.

6 960

the number of job-creating foreign investments in France in the last 10 years.

(Rapport d'activité AFII, 2012)

- ❖ Over **20,000** foreign companies already doing business in France:
 - they employ over **2** million people and account for **20%** of all corporate R&D in France,
 - one-third of all French exports
 - **42.4%** of holdings in the market capitalization of CAC 40 companies (amounting to €404.5 billion).

Sources: INSEE, 2012; IFA, France Attractiveness Scoreboard, 2012

3. France : a gateway to Europe, the Middle East & Africa (EMEA)

- ❖ France is at the heart of the European Single Market of over **500 million consumers**. (Eurostat, 2013)

- **2nd European Market** : more than 65 million inhabitants
- **1st touristic destination**: 79.5 million foreigners tourists
- **2nd European country for natality**

(Eurostat, 2013 – Organisation du Tourisme, 2012)

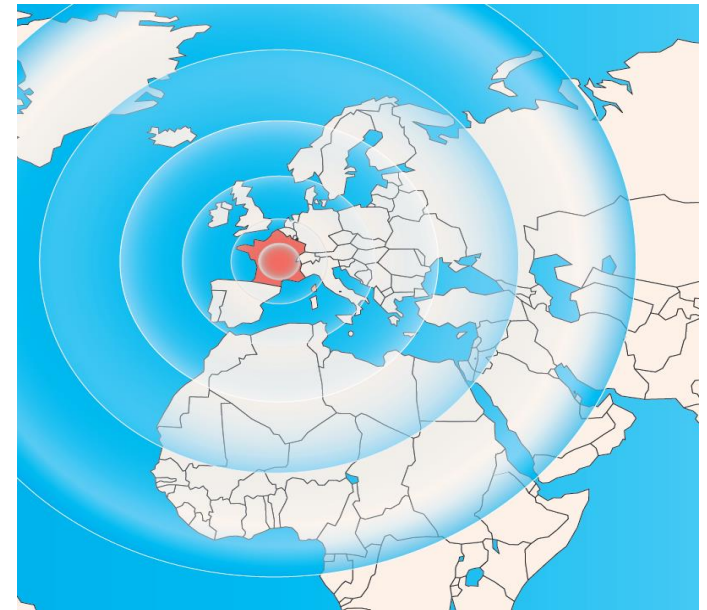
- ❖ Paris is the **3rd** most popular location in the world for Fortune Global 500 company headquarters.

(Source: Fortune Global 500, 2012)

- ❖ They chose France for their **EMEA office / operations**:

*AeroScout (Israel), Aiphone (Japan), Embraer (Brazil), Haier (China), SMART Technologies (Canada), Tai Ping (Hong Kong), **Columbia Sportswear, FedEx, ICON Health & Fitness (USA)**, etc...*

- Tokyo : 48
- Beijing: 44
- **Paris : 19**
- London : 16
- Madrid : 5



4. Excellent connections throughout Europe and beyond

❖ **Paris-Charles de Gaulle:** ranked **2nd** by passenger numbers and **1st** for cargo in Europe (ACI, 2013)

❖ **Paris-Le Bourget: the leading business airport in Europe** (ADP, 2013)

Broadband penetration rate higher than OECD average

35,5% in France per 1000
inhabitants compared to 33,8%
for Germany and 33,6% for
United Kingdom

(OECD, 2012)

❖ **2** French ports in the European Top 10 by tonnage in 2011: Marseille (**5th**) and Le Havre (**8th**). Source: Port of Rotterdam Authority, 2012

❖ The **2nd** largest high-speed rail network in Europe (1,896 km/1,178 miles of dedicated high-speed lines). Source: International Union of Railways, 2013

❖ **3rd** largest motorway network in Europe after Spain and Germany (over 11,000 km/6,835 miles). Source: Eurostat, 2012

5. France : a very cost-effective location

- ❖ Business setup and **operating costs*** are lower in France than in Italy, the United States, Germany, Australia and Japan (Source: Competitive Alternatives, KPMG's Guide to International Business Location, 2012)

Among the most competitive electricity rates in Europe !

Electricity rates for manufacturers
(second semester, 2012)

UK : 11,5 c€/kWh - HT

Germany : 8,7 c€/kWh - HT

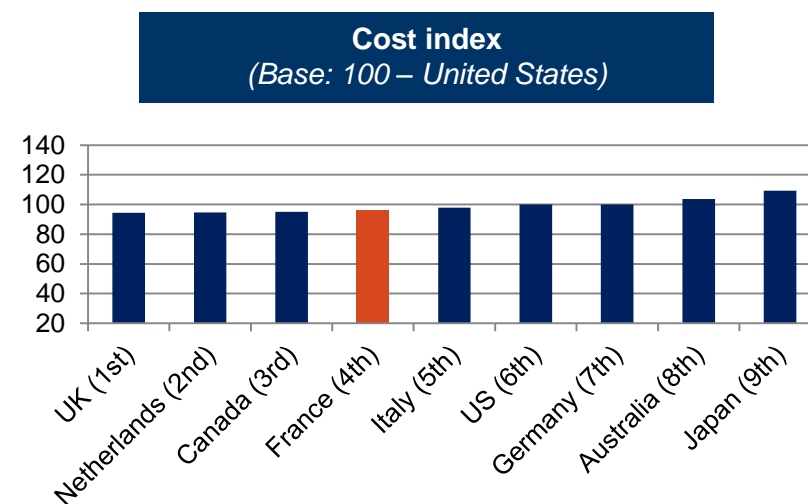
France : 6,7 c€/kWh - HT

Consumption between 500 and 2,000 MWh

(Eurostat, 2013)

*** Cost components:**

Labor
Facility costs
Transport
Utility costs
(electricity, natural gas,
telecommunications)
Corporate tax



- ❖ Average labor costs per employee **are lower** in France than in the Netherlands, the United States, Germany and Japan. Source: KPMG, Competitive Alternatives, 2012
- ❖ France is ranked **1st** among G8 countries for its low carbon emissions (tonnes of CO2 emissions / GDP). Source: IMD, World Competitiveness Yearbook 2012

6. France : a highly qualified and productive workforce

- **France** is one of the countries in the world that **invests the most in its education system** (6.3% of GDP spent on education, higher than the OECD average of 6%).

Source: OECD, Education at a Glance, 2012

- **France** is ranked **5th in Europe for hourly labor productivity** (behind the Benelux countries but ahead of Germany and the UK).

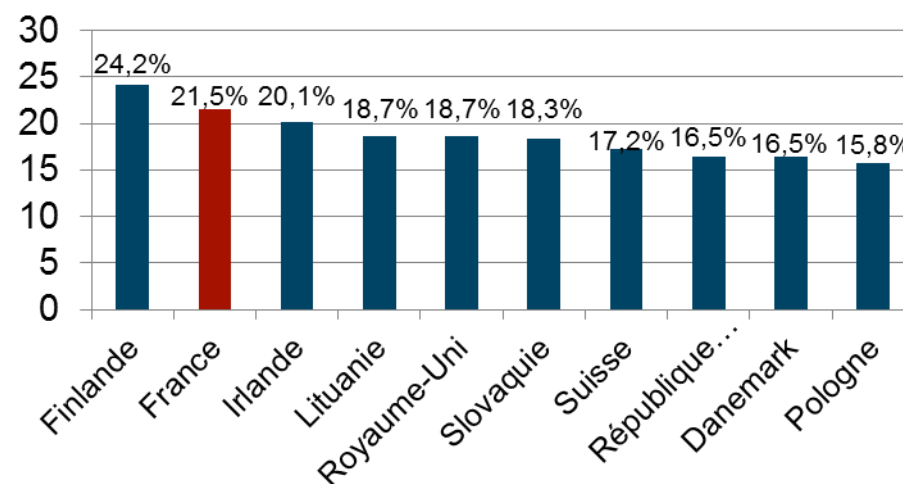
Source: Conference Board, 2013

Average number of hours worked per week by employees is higher in France:

- **France : 36.6 hours,**
- Europe : 36.5 hours,
- UK : 36.3 hours,
- Germany (2012) : 34.7 hours.

(Eurostat, 2013)

Human resources in Science and Technology
Proportion of 20- to 29-year-old graduates (2009)



(Eurostat, 2013)

7. Tax measures to foster competitiveness

Two major initiatives:

- **The renewal of France's research tax credit means that it remains the most attractive R&D tax incentive program in Europe:**
 - Tax breaks: **30% of all R&D costs**, up to €100 million, and 5% above this threshold.
 - Further incentives: **the research tax credit rate is doubled** for R&D carried out with public-sector research labs (with a cap at €10 million or €12 million); also, eligible expenses include **400% of salaries paid to junior final-year doctoral and post-doctoral research personnel in their first two years of employment.**
- **The video game tax credit** is a unique advantage in Europe with a 20% reduction in game design expenses depending on specific criteria. **On April 25th, 2012, the European Commission renewed its approval for the next six years.**

2,000 foreign companies (14% of the total) benefited from the research tax credit in 2010.

€5 billion: tax breaks received through the research tax credit by companies for R&D spending carried out in 2009.

(MESR, 2012 – IFA 2012)

8. France : a country prioritizing R&D and innovation

❖ France is ranked **2nd** in Europe and **4th** in the world for the number of international patents filed. Source: WIPO, June 2012

❖ **71** innovation clusters (**6** of which are dedicated to green technology) stimulating R&D through public-private partnerships. **608** foreign companies have already joined an innovation cluster. Source: French Ministry for the Economy, Finance and Industry, 2012

France is ranking 4th in the world for hosting foreign students
(Campus France , 2012)

Trends in foreign R&D investment:

212: the number of job-creating foreign investments in R&D since 2008, **58 in 2012**
(IFA 2012)

❖ France is the **3rd** leading recipient in Europe of foreign R&D investment projects. Source: Ernst & Young, 2012

❖ **23** research and higher education hubs (PRES) enabling universities, grandes écoles and research bodies to share resources and launch joint initiatives.
Source: French Ministry for Higher Education and Research, 2012

❖ **11** Fields Medals awarded to French mathematicians, out of a total of 52 since 1936. Source: International Mathematical Union (IMU), 2011

❖ **9.1** : the number of researchers in France per 1,000 employees, ahead of the UK (8.3) and Germany (7.9). Source: OECD, Main Science and Technology Indicators, 2013

9. Promoting sustainable growth and the knowledge economy

- ❖ **Green growth: France's "Green New Deal"**, following the "Grenelle" environment round table talks in 2007, has set targets for developing green buildings, renewable energy, clean technology and sustainable transport. (95 % of the commitments made in 2008 have been completed or are underway.)

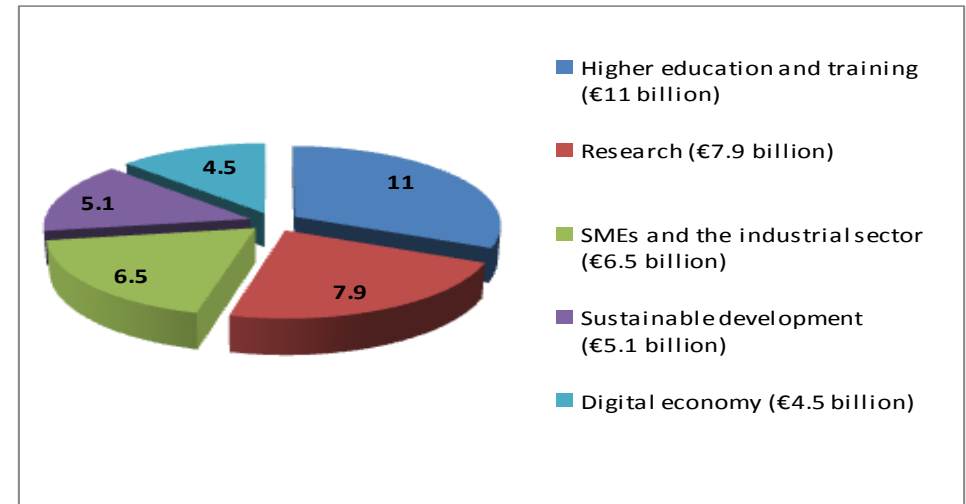
Source: The "Grenelle 2" Act, French Ministry for Ecology, Sustainable Development, Transport and Housing

- ❖ **The "Greater Paris" project** to turn Paris and the surrounding region (Ile-de-France) into a dynamic, attractive, high-flying "world city":
 - **€32.4 billion** to be invested in public transport.
 - **€1.9 billion** of investment for the Saclay plateau (to the south of Paris) to build the largest science and technology campus in Europe.

Source: www.legrandparis.net

- ❖ **The "National Investment Program":**
€35 billion of funding for 5 strategic areas.

Source: French government, 2010



10. France : a renowned quality of life

- ❖ **2nd** in Europe for quality of life, after Malta.
- ❖ **The leading tourist destination in the world** (ahead of the United States and China – without HK and Macau for visitor numbers) - Source: UNWTO, 2012
- ❖ **The “French gastronomic meal”** was also added to **UNESCO’s Intangible Cultural Heritage list** in November 2010. Source: UNESCO, 2010

Paris, the “city of lights” is also a “world city”:

The **3rd** most innovative and creative city in the world

Source: Innovation Cities TM Top 100 Index, 2011

The **2nd** most attractive capital city in Europe for investors

Source: European Cities Monitor, Cushman & Wakefield 2010

The **2nd** most popular venue in the world for conferences (after Vienna)

Source: International Congress and Convention Association, 2011

9 criteria considered by International Living :

Cost of living (15%)
Culture & Leisure activities (10%)
Economy (15%)
Environment (10%)
Freedom (10%)
Health (10%)
Infrastructure (10%)
Security and Risks (10%)
Climate (10%)

(Source : International Living, 2011)

Top 5 European countries for quality of life

Country	Rank (Overall score)
Malta	1
France	=2
Belgium	=2
Germany	=3
Austria	=3

A. Investment by Utah-based companies in France

- There are about **15 Utah-based companies**, both large corporations and innovative SMEs, **doing business in France and employing approx. 700 people.**
- **Huntsman**, a large chemical group, operates **three manufacturing sites and further invested \$40million at its Calais site (Huntsman Tioxide SAS) in 2012**; total headcount is around 500 employees;
- Provo-headquartered **Novell** has two sales offices, **in Paris and Lyon**; the software company benefits from a **well-developed ecosystem in the open source field in France**;
- **Merit Medical Systems**, a Nasdaq-listed medical device company **has both manufacturing and R&D operations in France**, near Paris; it employs around 50 employees at two locations.
- **ICON Health & Fitness** runs its **Europe-Russia-Middle East-Africa operations near Paris** and serves local retailers with two different brands : NordicTrack and ProForm.
- **Other examples of Utah-based companies established in France include** : Campbell Scientific, LANDesk, Myriad Genetics, Surefoot (2 stores already opened), etc.

■ *Opportunities for Utah-based companies exist in the following sectors :*
composites & aerospace, IT / software, microelectronics, life sciences (biotechs and medtechs), renewable energies & cleantechs and sportswear / outdoors.

B. How can the IFA help companies from Utah ?

- ❖ An agency headquartered in Paris
- ❖ A network of regional partners throughout France
- ❖ An office in San Francisco serving the US West Coast

❖ **We can help your project succeed in France by providing:**

❖ ***Information and expertise:***

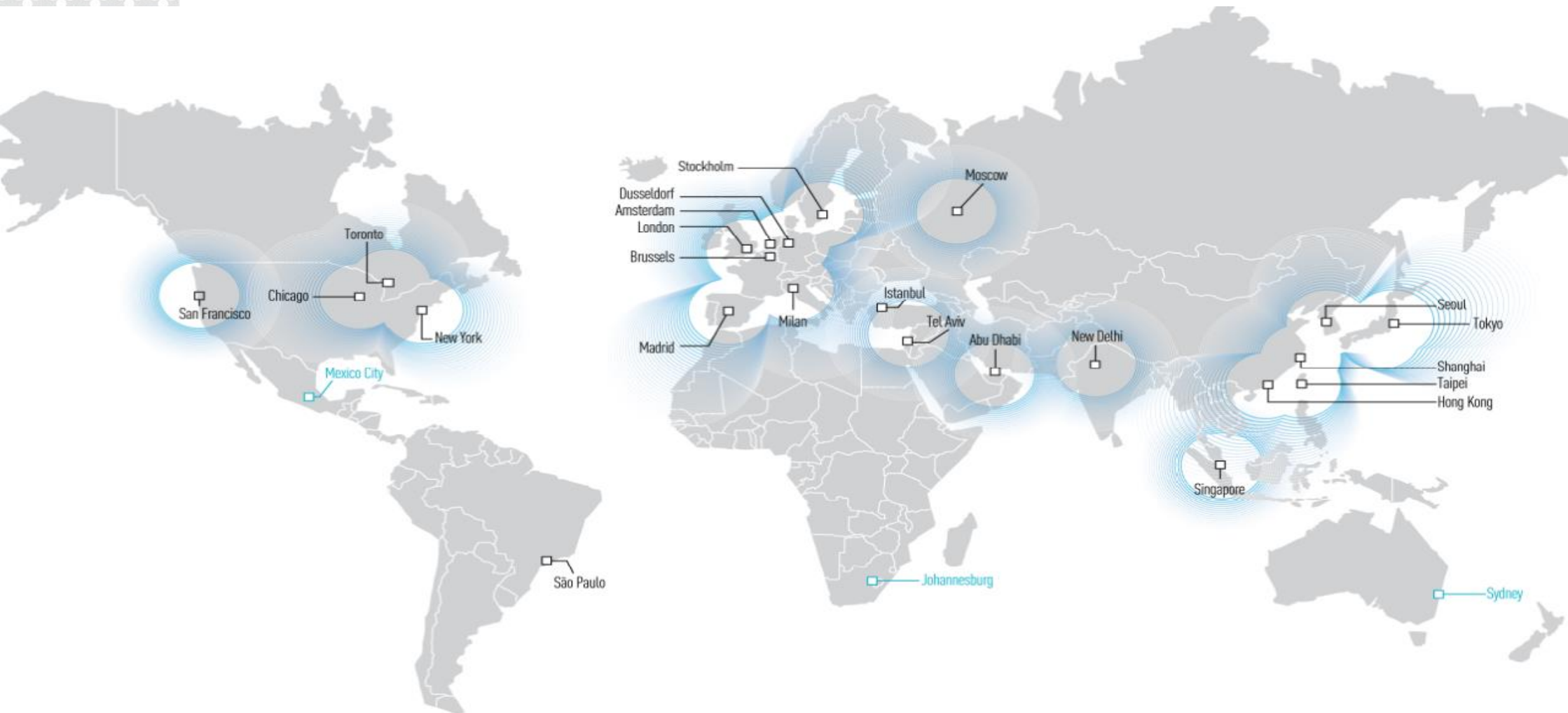
- We offer information on all questions concerning regulation in France: taxation, labor laws, residence permits, etc.

❖ ***Support:***

- With our regional partners, we help investors to find the best site for their investment project.
- We support investors on a long-term basis and provide a one-stop-shop for companies as they seek to contact different government and local authority departments.

C. How can the IFA help companies from Utah?

- Three major World regions: Europe / Middle East, the Americas and Asia (G20 countries)
- An evolving network in response to changes in global economics: recent creation of offices in Brazil, Turkey and the UAE (GCC area); expansion of existing presence in India, Russia and China.
- **150 people (from 18 nationalities), 62 at our Paris head office and 88 overseas.**



Thank you!

Please visit our website: www.invest-in-france.org
(Available in English and French)

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